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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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JUN 14 2000

In the matter of	)	
	)	**CC Docket No. 96-262**
Access Charge Reform	)	

COMMENTS OF SPRINT CORPORATION

Sprint Corporation, on behalf of its operating subsidiaries, hereby submits its comments on the Request for Emergency Relief filed February 18, 2000 by the Rural Independent Competitive Alliance ("RICA"), and the Request for Emergency Relief filed May 5, 2000 by the Minnesota CLEC Consortium ("Consortium").[1] Both RICA and the Consortium seek similar relief: immediate action to prohibit AT&T from withdrawing its interexchange services from, or refusing to provide such services to, customers of these CLECs, and from terminating interconnection (or refusing to establish interconnection) between itself and these CLECs. For the reasons discussed below, both petitions should be denied.

Both RICA and the Consortium concede that the AT&T actions of which they complain were prompted by AT&T's concern over the level of their access charges. *See* RICA at 7 and Consortium at 3. Although RICA does not characterize the access charges

[1] *See* Public Notice DA 00-0167 released May 15, 2000.

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of its members, the Consortium (at 2) admits that its members charge more than the incumbent LEC with whom they compete for local service.

The issue of how to address wireline CLEC access charges from a regulatory perspective was raised in the August 29, 1999 Further Notice of Proposed Rulemaking in this docket (14 FCC Rcd 14221), and is ripe for decision. The Commission should resolve that issue promptly. For the reasons explained in Sprint's comments and reply comments in response to that Further Notice,[2] Sprint would prefer that the Commission regulate wireline CLEC access charges directly by setting a ceiling at the ILEC level. However, if the Commission refuses to regulate CLEC access charges directly, it cannot force IXCs to interconnect with CLECs on whatever terms the CLECs attempt to dictate unilaterally through the filing of a tariff. The AT&T actions of which RICA and the Consortium complain are simply a natural outgrowth of the Commission's failure to directly address CLEC access charges and indeed of the Commission's invitation to bring marketplace forces to bear on CLEC access charges.[3] So long as the Commission wishes to leave the matter of CLEC access charges to the "marketplace," it must allow IXCs to take "marketplace" responses to protect themselves and their customers against the grossly excessive access charges imposed by many CLECs.

That being said, Sprint does view the actions taken by AT&T as only a "second best" solution. Allowing carriers to decide whether and on what terms to interconnect can result in inconvenience to the public and can also allow carriers with monopoly or monopsony power to exert undue leverage *vis-à-vis* their smaller counterparts. A CLEC

[2] As the Staff requested in the Public Notice referenced in n.1, Sprint will not repeat the arguments already presented, but will simply refer to them in summary fashion.
[3] *See Hyperion Telecommunications, Inc., et al.,* 12 FCC Rcd 8596, 8608 (1997).

with a substantial local service market share (as AT&T hopes to gain through its cable properties) could, for example, force IXCs to agree to far higher access charges than could a CLEC with a much smaller market share, simply because the IXCs could not afford to be unable to complete calls to the larger CLEC's customer base. Likewise, an RBOC long-distance affiliate could leverage its substantial long-distance market share to the detriment of CLECs by refusing to interconnect with CLECs on even reasonable terms, thereby degrading the value of the CLECs' services and advantaging the affiliated RBOC's ILEC service. In addition, a very large IXC might be able to extract lower access charges from a particular CLEC than the CLEC is willing to offer the rest of the IXC industry.[4] Direct regulation of CLECs' access charges will establish ground rules for all to observe and will protect the public from the increases in long-distance rates that will inevitably follow if CLECs are allowed to charge whatever they wish for access and attempt to enforce such charges through tariffs filed with the Commission.

In the latter regard, Sprint wishes to address briefly the Consortium's point (at 2) that its members serve largely rural areas of U S West territory and "[a]s a result, the access charges of the Petitioners are set at rates higher than [U S West's]." The fact that U S West's access charges are geographically averaged and thus reflect its costs of serving both urban and rural portions of its territory is no justification for allowing these CLECs to charge higher rates in rural areas. Any competitive carrier coming into the market should take, as a given, the prices of the incumbent and should endeavor to meet, if not beat, those prices. That is what competition is all about. If these CLECs willingly

[4] Sprint has filed a formal complaint against one CLEC that it believes is charging less than its tariffed rates to Sprint's larger competitors. *See Sprint Communications Co. L.P. v. MGC Communications, Inc.*, File No. EB-00-MD-007, filed May 11, 2000.

entered into competition with U S West in the higher-cost portion of U S West's operating territory, they did so of their own free will and at their own peril. No public benefit is derived from entrants that seek to *increase* prices over prevailing levels, rather than lower them.

Respectfully submitted,

SPRINT CORPORATION

Leon M. Kestenbaum
Jay Keithley
Richard Juhnke
401 9th Street, N.W., #400
Washington, DC 20004

Dated: June 14, 2000

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was sent by United States first-class mail, postage prepaid, on this 14th day of June, 2000 to the parties listed below.

Sharon Kirby

June 14, 2000

Ms. Magalie Roman Salas*
Secretary, FCC
445 12th St., SW, TW-A325
Washington, DC 20554
(original and two copies)

Wanda Harris*
Competitive Pricing Division
Federal Communications Commission
445 12th Street, SW, 5-A452
Washington, DC 20554

ITS*
1231 20th Street, NW
Washington, DC 20036

Michael J. Bradley
Richard J. Johnson
Moss & Barnett
4800 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-4129
Counsel for Minnesota CLEC Consortium

David Cosson
Sylvia Lesse
Kraskin, Lesse & Cosson, LLP
2120 L Street, NW, Suite 520
Washington, DC 20037
Counsel for Rural Independent Competitive Alliance, CTC Telecom, Consolidated Communications Networks, Inc., Forest City Telecom, Inc., Heart of Iowa Communications, Inc., Mark Twain Communications Company, and XIT Telecommunications & Technology, Inc.

*Hand Delivery